

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING  
(PROPOSALS SIXTEEN THROUGH TWENTY)

Docket No. RM2012-2

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 4  
(April 24, 2012)

The Postal Service hereby provides its response to Chairman's Information Request No. 4, issued on April 19, 2012. The response is due today. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing & Product Support

Nabeel R. Cheema

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1137  
(202) 268-7178; Fax -5402  
April 24, 2012

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 4

**Question 1**

Please refer to Prop18FCMFlats.xls, Prop18STDFlats.xls, and Prop18PERFlats.xls. Time Inc. has proposed modifying cost models to classify FSS NDC costs as modeled costs. See Comments of Time Inc. on Proposal Eighteen, "Comments of Halstein Stralberg on the Serious Deficiencies of the Proposal Eighteen/ACR2011 Periodicals Flats Model" at footnote 17. The Postal Service did not oppose this modification. Reply Comments of the United States Postal Service Regarding Proposal Eighteen at 8. The following questions relate to that modification.

- a. Does the coverage factor calculated on tab "switches" (8.16%) include FSS volume processed at NDCs? If not, please provide a coverage factor that includes FSS volume processed at NDCs and provide all supporting calculations.
- b. Does the FSS productivity in tab "Productivity" include the TPF of FSS machines at NDCs? If not, please provide the FSS productivity that includes the TPF of FSS machines at NDCs and provide all supporting workpapers.
- c. Please identify any input data to the Flats models that does not include data (volume, TPF, etc.) related to FSS machines in NDCs. If additional input data is identified, please provide updated data that incorporate NDC FSS data.
- d. Please refer to USPS-FY11-21 and Responses of the United States Postal Service to Chairman's Information Request No. 3, Question 4. Please update USPS-FY11-21 PROPOSAL20.xls to reflect the acceptance and reject rates collected using the webEOR system as described in USPS-FY08-10. Please be sure to provide all source data.

**RESPONSE:**

- a-c. Neither the FSS coverage factor calculation nor the FSS productivity measure included NDC activity. The calculation of the FSS productivity with NDC sites is supplied in workbook "FSS.Productivity.with.NDC.xls". The workbooks "PER.OC.Flats.with.NDC.xls" and "PER.OC.Flats.with.NDC.Alt.xls" incorporate revisions to the coverage factor estimate and productivity estimates to include FSS activity at NDCs in the Periodicals model. The workbooks "Std.Flats.MP.with.NDC.xlsx" and "Std.Flats.MP.with.NDC.Alt.xlsx" incorporate

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 4

the necessary changes into the Standard Mail flats model. The workbooks "FCM.Prsrt.Flats.with.NDC.xls" and "FCM.Prsrt.Flats.with.NDC.Alt.xls" make the necessary changes in the First-Class Mail flats model. These two elements are the only FSS parameters that would be affected by the exclusion of NDC activity.

- d. The BRM cost model contained in the file "ChIR4.Q1.d.xls" relies on the USPS-FY08-10 webEOR acceptance and reject rates. These data are identical to the acceptance and reject rates relied upon to estimate First-Class Mail presort letters mail processing unit costs by price category in USPS-FY11-10.